

Diamante Dental Inc.  
Paradise Dental Inc.  
Dental Empire Inc.  
Yefim Aranbayev  
Artur Martirosyan  
Anna Chistyakova  
February 15, 2018  
Page 2

---

## **I. SELLER PARTIES' ILLEGAL CONDUCT**

As a material inducement to enter into the Purchase Agreements, the Seller Parties, among other things, represented and warranted that the acquired business and assets fully complied with applicable laws at all times prior to closing and that there were no facts or issues that could have a material adverse impact on the acquired business and assets after the closing.

However, after the closing, the Buyers discovered a pattern of systematic fraud and illegal conduct previously concealed by the Seller Parties, including, but not limited to: (a) illegally billing for services under Dr. Aranbayev's credentials when such services were rendered by other dentists (including non-credentialed dentists) and/or on days that Dr. Aranbayev was not even in the office, (b) illegally billing for more expensive and unnecessary services when a more cost-effective service was appropriate, and (c) illegally submitting x-rays and other supporting documents from one patient in order to approve services for a completely separate patient.

The Buyers also discovered that the Seller Parties were illegally falsifying their business records in order to underpay their dentists and to misclassify staff as contractors, and illegally concealing and/or destroying Documents and Data (including an Excel spreadsheet containing client, insurer, billing and other business information that constituted part of the Sale Assets) to cover up their fraud and the adverse actions of insurers. The Buyers also discovered that insurers (e.g. Avesis and United Healthcare) were investigating and taking adverse actions against the Seller Parties, the business and their dentists since at least 2017, and that Avesis had been rejecting substantially all of the submitted claims or seeking extensive documentation (presumably based on suspicions of fraud) since at least the summer of 2017. However, the Seller Parties knowingly concealed these material matters from the Buyers.

After the closing and Dental Wizard, P.C.'s engagement of Sellers' dentists and staff, the Buyers became aware that Avesis terminated the provider agreements with Dr. Aranbayev, Dr. Sinha, and Dr. Srivastava, who unbeknownst to the Buyers were on probation since 2017. Avesis stated that such terminated dentists were prohibited from providing services to patients for whom services are administered by Avesis. Avesis further informed the Buyers that Avesis will never credential any dentists at the acquired Office Locations. Since Avesis represented an overwhelming majority of the revenues and profits of the acquired business and assets, the Buyers have suffered, and will continue to suffer, significant and irreparable Damage from the loss of Avesis and its insureds at clients of the Buyers.

Please be advised that the Buyers' investigation is ongoing.

Diamante Dental Inc.  
Paradise Dental Inc.  
Dental Empire Inc.  
Yefim Aranbayev  
Artur Martirosyan  
Anna Chistyakova  
February 15, 2018  
Page 3

---

## **II. LEGAL CLAIMS UNDER PURCHASE DOCUMENTS AND APPLICABLE LAWS**

The Seller Parties' fraudulent scheme and other illegal conduct violates numerous provisions of the Purchase Agreements (including Sections 1(a)(v), 4(c), 4(d), 4(e), 4(h), 4(i), 4(j), 4(n), 4(o), 4(p), 4(s) and 5 of the Dental Wizard, P.C. Purchase Agreement) and applicable federal and state laws.

For example, the Buyers may assert claims against the Seller Parties for fraudulent billing and claim submission practices under the federal False Claims Act, 31 U.S.C. §§3729-3733 ("FCA"). Under the FCA, the Seller Parties are liable for three times the amount of damages resulting from the fraud on federally funded health care programs plus penalties of \$5,500 to \$11,000 for each false or fraudulent claim. See 31 U.S.C. 3729(G). Given the pervasive and systematic nature of the Seller Parties' fraudulent scheme in violation of the FCA, the Buyers have reason to believe that the Seller Parties conducted, and continue to conduct, themselves in a similarly unlawful manner in their office locations not covered by the Purchase Agreements, and thus the Seller Parties potentially face liability under the FCA for all of their false claims throughout all of their offices (not just those sold under the Purchase Agreements).<sup>1</sup>

Likewise, the Buyers may assert claims under the IRS Whistleblower Law, 26 U.S.C. § 7623, against the Seller Parties based on the Seller Parties' intentional misclassification of employees as independent contractors in an illegal attempt to avoid paying payroll taxes, unemployment insurance premiums, and other sums, which overstated the profitability of the Seller's business.

Moreover, the Buyers have reason to believe that the Seller Parties unlawfully accessed their computer systems at the acquired offices in order to delete evidence of their misconduct. The Seller Parties' unauthorized access of the computer systems after the closing violates the federal Computer Fraud and Abuse Act ("CFAA"). The CFAA authorizes monetary penalties for such violations, including attorneys' fees and costs. In addition, CFAA §1030(a)(2), §1030(a)(4) and §1030(b) each carry incarceration penalties including up to five (5) years imprisonment for each violation. See CFAA §1030(c).

The Buyers may also assert claims for or under the federal Racketeer Influenced and Corrupt Organizations Act (RICO), fraud / fraudulent inducement, civil conspiracy, breach of contract, indemnification, unjust enrichment, rescission, piercing the corporate veil and others.

---

<sup>1</sup> As an example of the seriousness of such or similar false claims and the penalties often levied in connection therewith, Dr. Ilya Babiner, a dentist from Bucks County, Pa. has recently been charged with fifty-five (55) felony charges for submitting false claims for dental services to a medical assistance program and faces the potential of civil and criminal penalties as well as the loss of his dental license.

Diamante Dental Inc.  
Paradise Dental Inc.  
Dental Empire Inc.  
Yefim Aranbayev  
Artur Martirosyan  
Anna Chistyakova  
February 15, 2018  
Page 4

---

These claims would entitle the Buyers not only to their actual damages, but also to indirect, special, consequential, treble, punitive and other damages (e.g. loss of revenues / profits, loss of business opportunities, reputational damage, etc.), which are estimated to be many times the actual value of the purchase prices paid under the Purchase Agreements.

While the investigation is ongoing, the **Buyers estimate that the Seller Parties' liability and exposure for their unlawful conduct can exceed \$3,000,000.**

### **III. BUYER'S DEMAND FOR INDEMNIFICATION AND OTHER THINGS**

In light of the foregoing, the Buyers hereby demand:

1. Indemnification under Section 6 of the Purchase Agreements.
2. Within 7 days of the date of this letter, the Seller Parties shall deposit \$1,000,000 into escrow with counsel for the Buyers on account of the indemnification and other claims related to the Purchase Agreements and transactions thereunder.
3. Within 7 days of the date of this letter, the Seller Parties shall turn over to the Buyers any and all Sale Assets, including copies of any concealed or destroyed patient, billing and other business records, in the possession, custody or control of the Seller Parties and fully account to Buyers for their unlawful conduct.
4. Seller Parties and their employees, contractors, advisors, attorneys, accountants, agents, affiliates and related parties to immediately preserve any and all Documents and Data (as defined below) pertaining to the aforementioned claims and dispute, including, without limitation, any and all Documents and Data relating to fraudulent billings and false claims covered by the federal False Claims Act at all dental offices and businesses of the Seller Parties and their affiliates involved with government-funded health care programs or reimbursement. The purpose of this demand is to ensure that no evidence, or potential evidence, relating to the matters alleged in this letter is lost, altered, or destroyed. "Documents and Data" as used herein means not only hard copy documents, but also e-mails, messages, word processing documents, spreadsheets, databases, electronic patient records, electronic billing records, electronic dental software records and data, and other electronically stored information. Documents and Data are an important and irreplaceable source of discovery and/or evidence, and every reasonable step must be taken to preserve them until further notice from my office. Failure to do so could result in civil and/or criminal penalties.

Diamante Dental Inc.  
Paradise Dental Inc.  
Dental Empire Inc.  
Yefim Aranbayev  
Artur Martirosyan  
Anna Chistyakova  
February 15, 2018  
Page 5

---

Notwithstanding the foregoing, the Buyers reserve all their rights and remedies, none of which are hereby waived. I look forward to your prompt attention to this serious legal matter.

Very truly yours,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Vlad Tinovsky

CC: Leonard Zoftis, Esquire

**VERIFICATION**

The undersigned hereby states that: (a) he is authorized to make this verification on behalf of Plaintiffs, Dental Wizard, P.C., Dental Wizard G PC, and Dental Wizard Holding Inc.; (b) the statements made in the foregoing Complaint are true and correct to the best of the undersigned's knowledge, information, and belief; and (c) he understands that the statements made in this verification are subject to the penalties relating to unsworn falsification to authorities.

Dated: 7/17, 2018



---

OLEG GENIS, duly authorized officer of  
Plaintiffs, Dental Wizard, P.C., Dental  
Wizard G PC, and Dental Wizard Holding, Inc.